

## Omansky, Neil

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**From:** Lenny L. Sperry [LLSperry@afstores.com]  
**Sent:** Monday, June 16, 2003 3:31 PM  
**To:** Omansky, Neil  
**Subject:** COOL

Neil,

I talked to you at the Listening Meeting in Sacramento last Thursday. I'm the Retailer that wanted to make a comment, but because of time restraints was unable to. At the beginning of the Meeting, I believe that a statement was made that no Retail input was solicited in the preparations of this law, so here are some comments from the Retail side of the issue.

My name is Lenny Sperry, Director of Retail Operations, for Associated Food Stores Inc. Salt Lake City Utah. We service 500 Independent Retailers of all of different sizes and formats.

1. Reason would suggest that the COOL law is needed.
2. As Independent businesses we support local supply
3. What I observed at the meeting was three factions (producers, suppliers, and retailers) wanting the "other guy" to shoulder the burden of record keeping.
4. I would like to briefly describe the retail portion of the argument:
  - \* A small retail store has 15,000 Stock Keeping Units
  - \* A large retail store has 30,000 plus Stock Keeping Units
  - \* 8 to 14% of the Retailers business is Produce
  - \* 11 to 18% of the Retailers business is Meat
  - \* 5 to 10% of the Retailers business is Frozen Foods
  - \* Anywhere from 20 to 40% of the Retailers business will be impacted by this law and how it is implemented.
5. At wholesale (which AFS is a wholesaler):
  - \* Produce inventory turns are 100 times per year or 2 times per week
  - \* Meat inventory turns are 70 times per year or 1 1/2 times per week
  - \* Grocery Retailers profit margins are based on how quickly the product is turned, and as you can see it is a very fast pasted industry.
  - \* The retailer product is almost hours and minutes, where growers are months and years.
6. As a member of the Retail Industry we welcome the opportunity to enhance the promotion of local product. We welcome the opportunity to help inform the consumer be more informed. As far as Retail goes, all we need is the labels and the product and we will conform to the standards that are set.
7. Now here comes the problems:
  - \* Each Retailer is an independent business person, for the most part not connected to another business.
  - \* They have very little resources outside of their family and store team members.
  - \* With the lack of resources, to track this product this effort approaches impossible.
  - \* At wholesale to be competitive you have to run a very low and efficient labor.
  - \* In both identities, how fast and efficient you operate determines whether you stay in business.
  - \* The Retail industry because of sheer number of cases that are selected and sold makes tracking an insurmountable challenge.

We need your help to remain competitive and to help us service our consumers efficiently, we will do the labeling, but in your implementation you need to research the impact the recording keeping effects all three identifies. The implications are staggering, despite what we heard are the meeting. We don't know how to do it.

Neil I would like to discuss this further with you.

Thank you

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